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N 489
1875/76

TAXES AND ASSESSMENTS

IN THE

CITY OF NEW YORK.

REPORT

OF THE

COMMISSIONERS

1876.

New York:

MARTIN B. BROWN, PRINTER AND STATIONER,
Nos. 201, 203, and 205 WILLIAM STREET.

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TAXES AND ASSESSMENTS.

REPORT

OF THE

COMMISSIONERS.

To the Hon. WILLIAM H. WICKHAM,
Mayor :

SIR—The operations of this Department for the entire year are brought to a conclusion during the quarter ending June 30, and therefore the report for this quarter becomes really a statement of the transactions for the year.

Depression and disaster in all departments of business have marked the record for the past official year, and the duties of the Commissioners have been discharged amid difficulties more complicated and embarrassing than ever before.

During the period of inflated values, the Commissioners did not suffer themselves to be carried away by the continually advancing tide of speculative values, but anchored their valuations for taxation upon a basis of sixty per cent. of the exaggerated and fictitious prices which prevailed from 1870 to 1873. This ratio of assessment the Board believed to be a just measure of the full

and true value. Events have indicated the wisdom of this course, although during those years it was made the occasion of severe criticism and censure. While the assessed valuations in this city have remained substantially unchanged for the past three years, the decline in nominal values has each year brought the assessed value into nearer proportion to the actual value; until it may now be declared with entire confidence that the assessed value of real estate in this city bears as close a relation to the actual value, as does the assessed value of property in any other portion of the State bear to the actual value of such property. This declaration is not made in ignorance of the fact that many other portions of the State claim that their assessments are made at actual values.

A few tax-payers have urged the Board to place the assessments for the current year upon a basis of sixty per cent. of present values. While giving to such views a respectful consideration, the Commissioners would have been recreant to duty had they yielded to the solicitation, for the following reasons:

1. The law requires that property shall be assessed at its full and true value.

2. Such a reduction would have been but a mockery of the real desire of the tax-payer, which is that the dollars demanded by his tax-bill shall be fewer in number, a result which cannot be attained by the mere juggle of a general reduction of valuations, accompanied, as it must be, by an increase of the rate of tax. It needs no argument to prove that the tax on \$100 of valuation at one per cent. is precisely the same as the tax on \$1 of valuation at one hundred per cent.

3. To have made such a reduction at a time of commercial gloom and disaster, would have inflicted a blow upon the credit of the city, and her merchants and traders, which would have reacted upon the owners of real estate, whose interests are inseparable from the interests of those whose capital and occupancy alone give value to the real estate of the city.

4. New York City has, by a persistent course of law-abiding assessments, and a resolute demand for a recognition of that fact,

exercised an influence upon other counties, resulting in an increased valuation, from 1873 to 1875, of \$310,676,789, in those counties, as will hereafter be shown more fully.

Thus it will be seen that to have complied with the request referred to would have been illegal, useless, and injurious. It is proper to say that those tax-payers who have been put in possession of the views of the Board upon this point have, with one or two exceptions, fully concurred therein.

The Commissioners are profoundly impressed with the anxieties and distresses of the owners of real estate, arising from diminished incomes and burdensome taxation. But the pen of the assessor is not a magician's wand which, by a reduction of assessments, can also reduce taxation. Relief can only be found in a reduced scale of expenditure, and this Department has not been exceeded by any other in the vigor of its movements in the direction of economy. Nor has it yet exhausted its efforts in that behalf.

The assessed value of real estate was, for

1873.	1876.
\$883,643,545.	\$892,428,165.

The increase is referable almost entirely to the completion and erection of new buildings.

INCREASED VALUATIONS IN THE STATE.

Reference has already been made to the fact that many counties have largely increased their valuations during the past two years. The actual value of property everywhere in the State has certainly decreased during that period. The increase is attributable solely to a quickened sense of duty on the part of local assessors. The reform is tardy, but still let it be accepted as reform, and credit be given to the State Assessors, who, while denying justice to New York City, have, nevertheless, aroused the dormant sense of duty in many other counties.

The following table shows the valuations of real estate by local assessors in 36 counties for 1873 and 1875, respectively :

COUNTIES.	1873.	1875.
Allegany.....	\$8,117,931	\$9,905,690
Cattaraugus.....	6,959,838	20,347,692
Cayuga.....	17,046,521	31,502,240
Chautauqua.....	14,734,580	36,348,282
Chemung.....	7,835,183	9,198,384
Chenango.....	9,870,764	22,004,641
Delaware.....	7,500,237	12,879,290
Franklin.....	4,970,830	8,057,496
Fulton.....	2,949,471	3,606,099
Genesee.....	11,743,723	15,546,677
Hamilton.....	661,544	839,211
Jefferson.....	12,502,411	28,137,835
Lewis.....	3,461,539	8,175,205
Livingston.....	12,015,896	24,111,711
Monroe.....	26,814,941	95,510,305
Montgomery.....	8,306,689	9,297,252
Niagara.....	12,596,075	23,960,257
Ontario.....	15,275,596	21,955,435
Orleans.....	9,341,016	21,482,068
Oswego.....	14,074,371	15,479,974
Putnam.....	4,729,220	6,106,335
Rensselaer.....	22,783,039	23,368,352
Richmond.....	6,794,199	15,446,504
Rockland.....	6,229,439	16,590,356
St. Lawrence.....	12,802,279	14,448,819
Schoharie.....	4,369,569	7,330,003
Schuyler.....	3,010,455	6,759,126
Seneca.....	9,248,430	14,265,011
Steuben.....	12,924,068	26,466,913
Suffolk.....	10,099,887	11,568,459
Sullivan.....	2,622,085	3,837,683
Tompkins.....	6,137,720	12,729,285
Wayne.....	13,385,979	17,352,039
Westchester*	43,722,845	57,919,742
Wyoming.....	7,753,311	12,671,326
Yates.....	7,107,687	8,552,632
Total.....	\$380,499,268	\$673,858,329

* Excluding annexed towns.

STATE EQUALIZATION.

The State Board of Equalization failed at its last session to recognize the claims of the city for justice. As an appendix to this report is presented a review of the action of that Board and of the Annual Report of the State Assessors, prepared by one of

the Commissioners of Taxes, which renders any extended reference to the subject of State equalization in the body of this report unnecessary.

PERSONAL PROPERTY.

In the absence of any legislation the assessments upon personal property continue to be made, or attempted to be made, under the ragged remnants of the old law. There is no occasion to repeat here its incongruities and defects.

The assessments upon personal estate were, in

1875.
\$217,300,154.

1876.
\$218,626,178.

The increase is owing to the change in the method of assessing the shareholders of banks. The decrease in the assessments upon other kinds of personal property is \$10,428,103. This is not so large a decrease as might have been expected from the numerous and large failures of corporations and individuals. The efforts of the Commissioners to maintain the valuations of personal property by the addition of new names and the increase of individual valuation would have been effectual, but for the wide diffusion of the information that imported goods in original packages in the hands of the importer were not liable to taxation under the Constitution of the United States. By means of circulars addressed to importing houses by certain lawyers, importers were apprised of their rights, as defined by the United States courts, and several millions of assessments, most of which had been upon the books for years, were sworn off. A demand was made that under article 1, section 10, of the Constitution of the United States, a similar exemption should be allowed for exports. In the absence of any judicial interpretation of the Constitution to that effect, this claim was not allowed, and the question is likely to be presented to the courts.

The inefficiency of the tax laws is very well illustrated by the fact that in many towns and cities the total assessments for personal estate are less than the par value of the bank capital in the same towns and cities.

The following table shows the total assessments for personal property in 1874, as compared with the par value of the bank capital in 1873:

TOWNS.	COUNTIES.	Total Asmts. for Personal Property in 1874.	Par Value of Bank Capital in 1873.
Friendship.....	Allegany.....	\$66,250	\$75,000
Olean.....	Cattaraugus.....	74,740	200,000
New Berlin.....	Chenango.....	78,925	100,000
Norwich.....	".....	178,000	275,000
Smithville.....	".....	17,318	100,000
Champlain.....	Clinton.....	133,250	150,000
Harpersfield.....	Delaware.....	49,700	100,000
Catskill.....	Greene.....	292,904	299,991
Coxsackie.....	".....	98,950	112,000
German Flats.....	Herkimer.....	222,083	250,000
Winfield.....	".....	76,344	100,000
De Ruyter.....	Madison.....	28,300	125,000
Lenox.....	".....	212,025	340,000
Rochester.....	Monroe.....	932,175	1,150,000
Amsterdam.....	Montgomery.....	185,550	325,000
Canajoharie.....	".....	27,850	225,000
Minden.....	".....	97,900	200,000
Mohawk.....	".....	38,480	100,000
St. Johnsville.....	".....	17,830	75,000
Lockport (City).....	Niagara.....	417,660	500,000
Marshall.....	Oneida.....	33,620	150,000
Rome.....	".....	249,170	347,560
Utica.....	".....	1,106,600	1,725,000
Manlius.....	Onondaga.....	224,700	240,000
Syracuse (City).....	".....	1,528,383	1,586,515
Deer Park.....	Orange.....	196,100	230,000
Oswego (City).....	Oswego.....	891,477	1,091,400
Richland.....	".....	30,900	50,000
Schroepfel.....	".....	80,000	100,000
Volney.....	".....	166,250	281,000
Cherry Valley.....	Otsego.....	161,634	260,000
Otsego.....	".....	348,025	500,000
Potsdam.....	St. Lawrence.....	181,770	200,000
Milton.....	Saratoga.....	153,595	200,000
Thompson.....	Sullivan.....	63,777	150,000
Owego.....	Tioga.....	225,900	250,000
Cambridge.....	Washington.....	139,575	172,500
Fort Edward.....	".....	275,776	470,000
Granville.....	".....	141,975	170,000
Palmyra.....	Wayne.....	199,075	200,000
Total.....		\$9,644,536	\$13,115,966

These years are given because they are the latest for which official figures have been published.

TAXING BANK SHARES.

For the first time in this city the shareholders of banks have been assessed for the actual value of the shares. Owing, in part, to misapprehensions of the methods to be adopted in determining such values, there was some excitement among bank managers at the announcement of this purpose, but in the end a large proportion of those officers admitted the method to be fair. The Commissioners, under the expressed opinion of the Supreme Court, to which attention was especially directed by the State Assessors, had no option but to pursue the course they did. Under the former method the shareholders of banks were assessed at an average rate of about sixty per cent. of the aggregate value of the shares of the various banks. This, while most unequally distributed, did not in the total vary essentially from the valuations of real estate. But now that the valuations of the latter are at about full value, the harmony between the assessments upon both classes of property is preserved.

Writs of certiorari have been issued to the Commissioners at the instance of two of the banks, under which the assessments upon those banks will be reviewed by the courts. In the judgment of the Board the grounds of appeal are not sufficiently well founded to be the occasion of any uneasiness.

UNCOLLECTED PERSONAL ASSESSMENTS.

It is satisfactory to know that the efforts of the Board to purge the assessment rolls of unproductive assessments, upon which taxes to the State had to be paid, have been in a large degree successful.

The following table shows the percentage of uncollected personal taxes since 1852:

YEAR.	PER CENT. UNCOLLECTED.	YEAR.	PER CENT. UNCOLLECTED.
1852	5.4	1864	3.1
1853	6.3	1865	6.4
1854	9.8	1866	5.5
1855	9.8	1867	7.7
1856	12.3	1868	11.7
1857	11.7	1869	9.7
1858	5.7	1870	13.1
1859	4.6	1871	15.7
1860	4.8	1872	16.5
1861	4.3	1873	<i>A</i> 14.3
1862	12.0	1874	<i>B</i> 13.4
1863	3.7	1875	<i>C</i> 4.0

A. Of this \$3,191,882 was set aside by the Courts, reducing the actual percentage to 13.3.

B. Of this \$1,600,000 was set aside by the Courts, and \$5,749,518 is pending in the United States Supreme Court, reducing the actual percentage to 10.7.

C. Further collections will probably be made which will reduce the percentage.

But for the extraordinary number of failures during the past year the deficiency in collections would have been less than in any previous year.

RELATIVE VALUE of the Real and Personal Estate in the City and County of New York, as Assessed for 1875 and 1876.

WARDS.	ASSESSMENTS FOR 1875.	ASSESSMENTS FOR 1876.	INCREASE.	DECREASE.
First	\$51,251,400	\$51,003,686	.....	\$257,704
Second	28,045,200	28,012,100	.....	33,100
Third	31,958,300	32,692,000	\$733,700	.....
Fourth	12,594,725	12,685,675	90,950	.....
Fifth	38,244,700	38,562,450	317,750	.....
Sixth	21,422,150	21,432,050	9,900	.....
Seventh	16,038,000	15,986,300	.....	51,700
Eighth	34,374,900	34,438,040	63,140	.....
Ninth	25,806,500	25,919,730	113,230	.....
Tenth	17,112,030	17,361,530	249,500	.....
Eleventh	14,835,900	14,871,000	35,100	.....
Twelfth	67,064,385	67,239,560	175,175	.....
Thirteenth	9,587,800	9,769,800	182,000	.....
Fourteenth	22,391,410	22,305,765	.....	85,645
Fifteenth	51,509,250	51,713,250	204,000	.....
Sixteenth	32,248,750	32,453,944	205,194	.....
Seventeenth	31,327,300	31,898,700	491,400	.....
Eighteenth	65,104,700	66,044,750	940,050	.....
Nineteenth	116,051,965	119,166,535	3,114,570	.....
Twentieth	36,026,650	36,989,850	963,200	.....
Twenty-first	72,511,400	72,706,800	195,400	.....
Twenty-second	65,475,615	66,459,800	984,275	.....
Twenty-third	13,006,450	13,107,950	101,500	.....
Twenty-fourth	9,624,065	9,686,760	62,695	.....
	\$883,643,545	\$892,428,165	\$9,212,769	\$438,149
<i>Personal Estate.</i>				
Resident	\$125,922,840	\$118,989,535	.....	\$6,933,305
Non-resident	17,986,325	14,491,527	.....	3,494,798
Shareholders of Banks	73,390,989	85,145,116	11,754,127	.....
	\$217,300,154	\$218,626,178	.....	10,428,103
Total Real and Personal for 1875	\$1,100,943,699	Total Inc. .. \$20,966,896	Total Dec. .. \$10,856,252	
<i>Personal Estate.</i>				
Total Valuation for 1876	\$1,111,054,343	Total Increase	\$20,966,896	
Total Valuation for 1875	1,100,943,699	Total Decrease	10,856,252	
Increase in 1876	\$10,110,644	Net Increase	\$10,110,644	

PERSONAL ESTATE.

The following table exhibits the assessments on personal property in the City of New York for the years 1874, 1875, and 1876:

	1874.	1875.	1876.
Resident	\$170,619,181	\$125,922,840	\$118,989,535
Non-resident.....	26,964,430	17,986,325	14,491,527
Shareholders of Banks.....	74,897,570	73,390,989	85,145,116
Totals.....	\$272,481,181	\$217,300,154	\$218,626,178

NUMBER OF ASSESSMENTS.

The following table exhibits the number of names assessed for personal property, the number of applications for relief, the number proving to be exempt, and the number passed into the Receiver's books, for the years 1874, 1875, and 1876:

	1874.	1875.	1876.
Names on rolls at opening.....	25,293	16,971	13,054
Applications for reductions.....	12,126	9,471	5,670
Erased, not liable.....	10,927	8,051	3,821
Retained on Receiver's Books..	14,366	8,920	9,233

The number of banks and of shareholders for the years 1874, 1875, and 1876, respectively, was as follows:

	1874.	1875.	1876.
Number of Banks.	75	76	77
Number of Shareholders.....	25,122	25,236	25,698

RECAPITULATION.

The following table exhibits the total valuations on real and personal estate for the years 1874, 1875, and 1876 :

	1874.	1875.	1876.
Real Estate.....	\$881,547,995	\$883,543,545	\$892,428,165
Resident Personal.....	170,619,181	125,922,840	118,989,535
Non-resident Personal.....	26,964,430	17,986,325	14,491,527
Shareholders of Banks.....	74,897,570	73,390,989	85,145,116
Totals.....	\$1,154,029,176	\$1,100,943,699	\$1,111,054,343

ANNUAL EXEMPTIONS.

By the laws of this State, the personal property of every minister of the gospel, or priest of any denomination, or the real estate of every such minister or priest, to the extent of \$1,500, is exempt from taxation. The amount of property exempted under these provisions for 1876, is \$91,500, or \$4,500 less than in 1875.

The law granting an exemption of \$1,000 to each officer, musician, and private in the National Guard having been repealed, no exemptions to such parties have been allowed.

ASSESSMENTS UPON REAL ESTATE.

The number of pieces or plots of real estate upon the assessment rolls for 1874, was 144,730 ; in 1875, 147,855 ; and in 1876, 148,130.

During the time the books were open, from the second Monday in January to the 30th day of April, to receive applications from parties considering themselves aggrieved by assessments upon their property, there were received, in 1874, 5,985 applications ; and for a like time in 1875 there were received 6,567

applications; and during the same period in 1876 there were received 7,571 applications.

TOTAL NUMBER OF ASSESSMENTS.

	1874.	1875.	1876.
Number of Pieces of Real Estate.....	144,730	147,855	148,130
Number of Names on Personal Books....	25,293	17,500	13,054
Number of Shareholders of Banks.....	25,122	25,236	25,698
Total Number of Assessments....	195,145	190,591	186,252

Respectfully submitted,

JOHN WHEELER,
JOHN N. HAYWARD, } *Commissioners*
GEO. H. ANDREWS, } *of Taxes*
 } *and Assessments.*

NEW YORK, June 30, 1876.

REPORT

FOR THE QUARTER ENDING SEPTEMBER 30, 1875.

To the Hon. WILLIAM H. WICKHAM, Mayor :

SIR—In pursuance of the requirements of section 27 of chapter 355 of the Laws of 1873, the Commissioners of Taxes and Assessments respectfully

REPORT:

That, at the request of the Board of Supervisors, the Commissioners caused the taxes for the current year to be computed, and extended in the Receiver's books, without expense to the city. These books were received from the Supervisors on the 19th of July, and were delivered to the proper officer on the 27th of August.

The assessment of the real and personal property in the city was commenced on the second Monday in September, as required by section 7, chapter 302, of the Laws of 1859.

ASSESSMENT OF BANK SHARES.

The method of assessing banks is a subject which has received the careful consideration of the Commissioners. For several years the system which has prevailed, of assessing the shares of all banks at the par value, without taking into account the value of the shares of some of the banks worth more than par, owing to their possession of a surplus, has been the cause of complaints; the complaints coming, in large proportion, from those banks which do not possess a considerable surplus. The complaints were based upon the statement that, as imposed, the assessment

was unequal; and that the surplus of other corporations being assessed, it was not just that the surplus of banks alone should escape. While the Commissioners could not deny that there was force in these statements, they felt restricted as to their action, in part by the usage of the Department before any of the present Board entered into the office; in part by the general practice in the State; but chiefly by an unwillingness to jeopard the validity of assessments involving so many millions of dollars by a construction of the Law of 1866, which might have been successfully contested.

From the restraining influence of the last consideration the Commissioners are now released by a judicial interpretation of the statute, the effect of which is to impose upon them explicitly the duty of assessing the shares of stock in banks "at their true value, instead of their par value." This interpretation was given in the Schenectady General Term of the Supreme Court, November, 1874, Bockes, Landon, and Countryman, Justices. The case was entitled "The People *ex rel.* Chauncey P. Williams and others against the Board of Assessors of the City of Albany." Divested of the nomenclature of the law, the question was whether the shares of a bank with a capital of \$350,000, but with accumulations, amounting, with the capital, to \$1,183,839.15, were properly assessed at par or \$350,000. The opinion of the Court was that the assessment at the par value was erroneous, and that the law required the shares to be assessed at their value, whether that value exceeded par or not. It is significant that although the title of this case does not disclose the fact, the suit was practically between two of the Albany banks, each with a surplus, but one with a larger surplus than the other, and each assessed alike at par.

Respectfully submitted,

JOHN WHEELER,	}	<i>Commissioners</i> <i>of</i> <i>Taxes and Assessments.</i>
JOHN N. HAYWARD,		
GEO. H. ANDREWS,		

NEW YORK, October 1, 1875.

REPORT

FOR THE QUARTER ENDING DECEMBER 31, 1875.

To the Hon. WILLIAM H. WICKHAM, Mayor, etc.:

SIR—Pursuant to the requirements of section 27 of the City Charter, this report of the “Operations and Action” of the Department is made.

The assessments upon the real and personal estates in this city are substantially completed, and the Books of Annual Record will be opened for public inspection on the second Monday (10th) of January, as required by law.

ASSESSMENT OF BANK SHARES.

In the report of this Department for the quarter ending September 30, reference was made to the necessity imposed by a recent judicial construction of the law, of adopting a different method from that heretofore used in assessing the stockholders of banks.

This announcement has given rise to a good deal of discussion, based in part upon a misapprehension. All other corporations are assessed specifically upon their surplus earnings, and an impression has obtained that the stockholders of banks were to be assessed in like manner. It is not proposed to assess the surplus earnings of banks, but to assess the shares of stock at their value, the surplus being simply the measure by which the value may be determined.

The Associated Banks have considered the subject in council, and have expressed their sentiments and purposes in resolutions. The utterances of so large and influential a body of capitalists are entitled to consideration. The declaration that the liability of the

banks and their stockholders to indefinite taxation by the general and State governments, renders an appeal to both governments a necessity, is one with which no fault need be found.

The further declaration, however, that "the banks agree together that they will henceforth decline further voluntary payment of taxes, assessed upon the holders of their shares," * * "and leave the taxes to be collected, under the operation of existing laws," is one which might occasion some solicitude in the minds of those not familiar with the provisions of "existing laws." Section 6, chapter 761 of the Laws of 1866, provides: "For the purpose of collecting such taxes, and in addition to any other laws of this State, not in conflict with the Constitution of the United States, relative to the imposition of taxes, it shall be the duty of every such bank or banking association, and the managing officer or officers thereof, to retain as much of any dividend or dividends, belonging to such stockholders, as shall be necessary to pay any taxes assessed in pursuance of this act, until it shall be made to appear to such officers that such taxes have been paid."

From this it will be seen that, after the confirmation of the taxes, the banks will be at liberty to pay very few, if any, of their twenty-five thousand stockholders a dividend, until the stockholder shall present to the bank officer a receipt for the tax upon his shares.

That is a matter entirely between the institutions and the stockholders. The City Treasury will probably be the gainer rather than the loser by this process. Heretofore the banks have paid the tax in bulk, generally soon after the books were opened to receive taxes, obtaining thereby a rebate or discount, at a rate often in excess of the rate which the city was paying for temporary loans. By the method proposed the amount of this rebate will be largely reduced, and probably equalled by the penalty, at the rate of one per cent. per month, which many stockholders will incur by neglecting to make an early payment.

It is certainly unfortunate for the banking interest that litiga-

tion between two banks should have evoked the dictum of the Supreme Court, which has compelled the Commissioners to adopt the present course at a time so unpropitious, when taxes are at their highest, and profits on capital at their lowest mark.

It is probable that the representatives of the banking capital of this city will subject the law under which the tax is to be levied to the severest possible test in the highest courts. The Commissioners have met that interest with courtesy and firmness, and avowed their purpose to discharge their duties without the agency of any annoyance of detail, which can properly be avoided, without conceding any point which may jeopard the rights of the city. Although the course of the Board has been criticised by the representatives of the associated banks with unnecessary acrimony, the Commissioners do not intend that a single grain of resentment shall fall into the balance which it is their duty to poise.

Respectfully submitted,

JOHN WHEELER,	}	<i>Commissioners of Taxes and Assessments.</i>
JOHN N. HAYWARD,		
GEO. H. ANDREWS,		

NEW YORK, January 1, 1876.

REPORT

FOR THE QUARTER ENDING MARCH 31, 1876.

Hon. WILLIAM H. WICKHAM, Mayor, etc.:

SIR—Pursuant to the requirements of section 27 of chapter 335 of the Laws of 1873, this report of the “Operations and Action” of the Department, for the quarter ending this date, is respectfully submitted.

The books of annual record of assessments, upon real and personal property, have remained open in this Department, in compliance with the law, since the 10th of January.

The Supreme Court, in General Term, in the case of George O. Houghton, of Cambridge, Massachusetts, assessed as a non-resident for capital invested in business in the City of New York, under the provisions of section 1 of chapter 37 of the Laws of 1855, against the Commissioners of Taxes and Assessments, decided in favor of the respondents. The relator, Houghton, claimed that, as he has been assessed for the same property in the State of Massachusetts for several years past, during which period he has also been assessed in this city, he should not be assessed in both States for the same property in the same year. The Massachusetts statute provides that “All personal estate within or without this State shall be assessed to the owner in the city or town where he is an inhabitant on the first day of May;” and the New York statute provides that “All persons and associations doing business in the State of New York, as merchants, bankers or otherwise, either as principals or partners, whether special or otherwise, and not residents of this State, shall be assessed and taxed on all sums invested in any manner in said business, the

same as if they were residents of this State ; and said taxes shall be collected from the property of the firms, persons, or associations to which they severally belong."

The decision of the Supreme Court affirms the legality of the assessment as made by this Department, and leaves the relator to his remedy before the courts in Massachusetts, and perhaps ultimately, before the Supreme Court of the United States.

Pursuant to the provisions of chapter 329 of the Laws of 1874, the assessment list for the fourth installment for the "opening and widening of Third avenue in the town of Morrisania," amounting to twenty-two thousand eight hundred and thirty-four dollars and forty-one cents (\$22,834.41) has been completed, and forwarded to the Finance Department for collection.

JOHN WHEELER,	}	<i>Commissioners of Taxes and Assessments.</i>
JOHN N. HAYWARD,		
GEO. H. ANDREWS,		

NEW YORK, March 31, 1876.

APPENDIX.

STATE EQUALIZATION.

REVIEW OF THE REPORT OF THE STATE ASSESSORS.

LETTER I.

To Hon. WM. H. WICKHAM, Mayor, etc. :

These letters are addressed to you, sir, as the official representative of the taxpayers of the City of New York, and they will contain some facts which those taxpayers ought to know.

The Annual Report of the State Assessors recently presented to the Legislature deals at great length with the question of the just proportion of the State tax which should be borne by the taxpayers of this city, commenting in part upon the acts and statements of the Tax Commissioners, and in part upon the acts and statements of the Special Committee appointed by your Honor to appear before the Board of State Equalization last autumn. The Tax Commissioners cannot as a board present the views of the Special Committee, nor can the Special Committee as a board present the views of the Tax Commissioners. Having been a member of both boards, it seems to devolve upon me, as the only person so situated, to make some statements, and present some facts necessary to a full understanding of the intricate and important matters involved. This explanation appears necessary that I may not be thought obtrusive. These letters, therefore, will not in any sense partake of an official character, but be the expression of the views of a citizen and taxpayer, who has had some opportunities of acquiring information touching the topic in hand.

Controversy affords me no pleasure. Occasions sometimes arise, however, when the utterance of erroneous statements by high officials, with publicity acquired at the expense of the State, may imperatively demand refutation. Then silence is pusillanimous.

HALF-TRUTHS.

The report of the State Assessors is able and adroit in the presentation of half-truths. This is a tolerably safe and therefore favorite method of statement. The half-truth is a fact—so far as it goes; but when supplemented by the remaining and untold half, the character of the statement may be entirely changed. In such cases a mere denial does not suffice—indeed, is not practicable; but the necessity is imposed of looking up the suppressed half, fitting it in place, and so presenting the whole truth in its natural relation and force. It is told of an eccentric preacher of the last generation that from the verse of Scripture, “Let him which is on the house-top not come down to take anything out of his house,” he selected the words, “Top not come down,” and from this half-truth preached a vigorous discourse upon the vanity of that day, which found expression in an arrangement of the hair known as a “top-knot.” There is a good deal of this top-knot form of statement in the report, which it will be my disagreeable but necessary task to point out and supplement by the remaining, but untold, half of the truth.

TAXING CORPORATIONS.

But first, as a more agreeable duty, I will commend the suggestion by the State Assessors that the law be so amended “as to assess the railroads and other incorporations at the Comptroller’s office.” This plan would have great advantages. It would at least secure a uniform method of assessment. But it would utterly fail to produce satisfactory results, unless the law under which corporations are now assessable should be materially changed. Corporations, under the present law, are liable to be assessed upon the amount of the capital stock actually paid in or secured to be paid in, and upon the amount of surplus earnings, from which surplus earnings must be deducted 10 per cent. of the capital, except in the case of “moneyed corporations,” from the surplus of which 10 per cent. of said surplus only is to be deducted. From the amount of the capital and surplus the law provides for deducting the amount paid for real estate by the corporation, the amount invested in the stocks of other corporations, the amount invested in United States securities, and the amount of investments in real and personal property outside the limits of the State.

Through these exceptions nearly all the capital of corporations now escapes taxation. Take the item of stocks of other corporations. Before the Committee of Ways and Means in 1874, I stated this as a possible case: Suppose parties wish to start a chisel and gouge company with a capital of \$200,000. They could start a chisel company with a capital of \$100,000

and a gouge company with a capital of \$100,000. Each company could buy the stock of the other, and then the return of each for assessment would read:

Capital paid in.	\$100,000
Less amount invested in stock of other corporations.....	100,000
Assessable.....	Nothing

—and thus the State be chiselled and gouged out of the whole tax.

Or the whole capital may be invested in United States securities, upon which the necessary funds may be borrowed for carrying on the business. Or, as in the case of most railroads, the whole capital may be invested in real estate.

The attention of the Legislature has been repeatedly called to this condition of things.

In 1871, the Tax Commissioners, in their report, said:

“The evasions have always been numerous and ingenious, but the precipitation upon the country, and especially upon this financial centre, within a short time, of hundreds of millions of United States bonds bearing a high rate of interest and exempt from taxation—while during the same period local taxation was largely increased by the very causes which required the issue of the non-taxable bonds—at once provided the means and sharpened the wits of those who have an ingrained aversion to paying taxes. With the exception of the special act in reference to the taxation of banks in 1866, it is not a little singular that there has been no legislation to meet the changed condition and relation of things.”

Again, in 1872, the report of the Tax Commissioners said:

“The system has been so violently disturbed (by the issue of Government securities) that it has ceased to be a system, and become in practice effete. Instead of being a tax upon personal property, it has in effect become a tax upon ignorance and honesty. That is to say, its imposition—a word of very broad significance—is restricted to those who are not informed of the means of evasion, or, knowing the means, are restrained by a nice sense of honor from resorting to them.”

In 1874, in a special report, the Tax Commissioners said:

“It may well be doubted whether under existing laws, crumbled as they have been by judicial interpretations, any individual or corporation—the stockholders of banks excepted—need submit to the imposition of a tax upon personal property when there is a purpose to resort to any of the several methods of avoidance.”

In 1874 I had the honor to submit to the Committee on Ways and Means the following recommendations in regard to the taxation of corporations:

“*First*—To amend the law prescribing the method of assessing corporations, so that there should be deducted from the value of their stock, the assessed value of the real estate owned by them, instead of deducting the cost of such real estate, as is the practice now. The intention of the Legislature to cause the “assessed value” to be deducted is clearly revealed in section 3, chapter 456, Laws of 1857. The Court of Appeals, however, in the case of the Citi-

zens' Gas Light Company *vs.* The Assessors of the City of Brooklyn, decided, substantially, that the Legislature had failed clearly to express its purpose to repeal a former act.

"*Second*—To assess all corporations upon the same principle and in the same manner as banks are now assessed under the provisions of chapter 761, Laws of 1866. The clumsy forms now in use to conform to the requirements of that act, which in 1873 caused 26,059 distinct assessments to be made against individual stockholders, should be superseded by a more simple method. By a decision of the Supreme Court of the United States, in the case of *National Bank vs. The Commonwealth of Kentucky* (9 Wallace, p. 353), it was decided that shares might be assessed in bulk. Such a modification would effect a great saving of clerical labor.

"*Third*—To assess certain corporate property now exempt, some of which the Legislature designed and aimed to reach, but failed to give full effect to its purpose.

"*Fourth*—To assess the shares of all corporations directly by the State, through some officer of the State, upon the actual value of such shares, after deducting therefrom the assessed value of the real estate owned by such corporations, and to tax such shares at the uniform rate of 2 per cent. From the data to which I have had access, I feel justified in estimating the amount of capital which could be at once made subject to assessment, without hardship or injustice to any interest whatsoever, at three hundred and fifty million (350,000,000) dollars, which, at 2 per cent., would yield a revenue of \$7,000,000 for 1875. In a very short time—short, I mean, in the life of a State, say in two or three years—this tax would pay the entire sum needed annually for State purposes. Let it be understood that this does not propose in any way to disturb the present mode of assessing the real estate belonging to corporations, or of collecting the tax thereon."

These recommendations were made nearly two years ago. Careful investigation into the general subject, and especially an examination of the Pennsylvania system (under which that great State has prospered wonderfully), to which I shall hereafter refer more fully, would induce me now to modify these suggestions somewhat as to detail; simplicity and efficiency being the objects desired.

With my present information I would recommend that all corporations in the State be assessed by the State Assessors.

That certain of them be taxed upon their capital, as recommended in 1874; and that others, where the capital does not afford a proper measure of value, be taxed upon their gross receipts. This last method has many advantages, and I am inclined to think may be very widely applied, as it entirely avoids the difficult question as to the non-liability of capital to taxation by reason of investments in United States securities—the most available of the present means of evasion.

I propose the State Assessors as the taxing, or rather the assessing officers, because the State Comptroller should not be overloaded with duties; because questions would arise where the action of more than one mind and judgment would be desirable, and because I shall hereafter propose to relieve the State Assessors from other more difficult and disagreeable duties.

I heartily concur, also, in the declaration of those gentlemen that it is quite time that a "new departure" be made in matters of taxation. But whither and how? Those questions, I think, I have in part answered according to the best of my humble judgment. The remedy is in a new system, and no subject of greater importance now commends itself to the consideration of the Legislature.

It seems to be proper to say here, that during the last four or five years the Tax Commissioners have attempted to hold for taxation many millions of corporate personal property, but their hold upon such property has been loosened by the highest courts, doubtless in strict compliance with the laws as they stand. The result has been an enormous loss to the city for State taxes paid upon assessments declared to be illegal, and for costs of litigation.

LETTER II.

In any remarks it may be necessary to make as to relative valuations, let it be understood that I do not profess to state the value of farm property or any other real estate out of this city. I shall, however, use the sworn statements of local assessors as a reliable basis for determining the value of such property. I concede, too, willingly but regretfully, that farm property has shared in the general depreciation of values. I admit that I feel deeply the injustice that has been done to this city; but nevertheless I desire and intend to be fair and moderate in my statements, and for the most part restrict myself to refutation.

SOME COMPARISONS.

The report begins with expressions of "no ordinary satisfaction" that in twenty counties the local assessors have, in whole or in part, complied with the requirements of the law, and assessed all real estate at its full value. Now, taking the judgment of these same local assessors, there was no county in the State assessed at the full value of its real estate in 1874. In their report for 1874, the State Assessors gave for nearly all the towns in the State the "percentage sworn to as the rate used by local assessors" in making their assessments in 1873, and the value at such ratio. As these local assessors are presumed to have known their business and the value of the property in their own vicinity, it is safe to take their statements as to their methods. By computing the actual assessment at the rate named, it is easy to arrive at the full value. In the list of "Counties assessed at full value" the following are given: Broome, Cayuga, Chautauqua, Chenango, Delaware, Dutchess, Erie, Franklin, Genesee, Jefferson, Lewis, Livingston, Monroe,

Niagara, Orleans, Richmond, Schoharie, Schuyler, Seneca, Steuben, Tompkins, Wyoming, Yates. After carefully examining the returns from these several counties, they justify the statement that no county is assessed at anything like full value, with the possible exception of two noted hereafter. Having no wish to be disingenuous, it is proper to state that, while the heading of this list of counties, as already quoted, is "Counties assessed at full value," there follows a qualification that it is "in some or all of the towns in 1874." If in all the towns, then it must be the whole county. But which county? I am further prepared to admit a decline in real estate in 1874 as compared with 1873, yet even then there is a wide discrepancy in nearly every county. Lewis and Schuyler, two small counties, are the probable exceptions.

METHOD OF ASSESSING IN NEW YORK.

The report devotes considerable space to the instructions given by the Tax Commissioners to their deputies in 1870, to assess property at 60 per cent. of its then nominal value. These instructions are about six years old, to be sure, and have been published over and over again; and while changed conditions have thrown them quite out of date, and a much higher ratio has been used for the past year or two, they are dragged in to do service in the general assault upon New York City. Those instructions were judicious and right at the time they were given. For months past, almost every day, sales of property have been made at private and public sale, at prices not above those fixed upon as a judicious rate of assessment. Nearly two years ago, in an address to the Committee of Ways and Means of the Assembly, I said:

"It may be proper to state that taxation in this city is based upon 60 per cent. of the nominal value of the real estate. It is well known that capitalists have for many years fixed upon 60 per cent. as the maximum which they are willing to loan upon real estate security. The Commissioners of Taxes have, therefore, fixed upon this ratio of 60 per cent. as representing the actual value in all contingencies. This, to be sure, you may call a fiction, but what then? Suppose the \$836,693,380 which is assumed to be the valuation of the City of New York upon a 60 per cent. basis, were raised to \$1,394,488,967, representing the valuation at 100 per cent., what would become of the surplus of \$557,795,587? *No State Board of Assessors could distribute such a sum over the other counties of the State.* Indeed they cannot now distribute a sum sufficient to do anything like justice to the tax-payers of this city, and yet I feel bound to say that the State may never possess another Board of State Assessors of such eminent ability as the present. New York City cannot afford to take any further steps in the direction of increasing assessments in advance of her sister counties."

The statement that State Assessors could not distribute more than \$550,000,000 over the other counties was not made without authority, for a State Assessor but a few months previously admitted that to be the fact. This ratio was fixed upon at a time when speculation had greatly inflated

prices, so that they ceased to represent true and actual values, as many have learned at a sore cost. Besides, it was a ratio higher, much higher, than was then in use in any other county. The cheap fling at the Tax Commissioners for preferring to adopt the views of "prudent capitalists" as the ratio, rather than comply with what the State Assessors deem the mandate of the law, is scarcely worth notice, yet it shall have brief reference when their own suggestion that the law affecting another interest should not be enforced, is considered.

PRINTED AND NOT PRINTED.

The report refers most querulously to the fact that a committee (consisting of Mr. Wilson G. Hunt, Mr. Isaac Sherman, and the writer) appeared before the State Board of Equalization in Albany last autumn, with a "protest, written and printed before the table was reported." There is, to be sure, a private history about this matter, which I, certainly, am not ashamed to tell.

On the 7th of September the committee already named appeared before the State Board of Equalization, and having been appointed by the Mayor, at the request of the Aldermen, and therefore knowing that they officially represented more than a thousand millions of property, actually had the audacity to write and print and present a memorial asking a reduction of \$100,000,000 in the assessed value of the real estate in the City of New York, believing that such reduction would place the city upon an equal basis with the other counties.

The State Assessors announced that they were not ready to present their tables of equalization. The State Treasurer declared that he would not vote for any table of equalization which was not printed, so that the members of the Board might examine it and vote with some knowledge on so momentous a question.

The Board then adjourned to the 28th of September.

Until about the 20th of September this committee on behalf of the city, were given good reason to believe that the assessment of New York would be reduced, but about that date they learned from very excellent authority that a majority of the State Assessors would recommend a large addition to the assessment. As it had been usual for the Board of Equalization to adopt the table reported by the State Assessors, the committee did not quietly fold their hands until it was too late to act, but they prepared a protest, to be used if necessary; and as the State Board consisted of ten members, not one of them from this city, and the protest contained various tables which could not be clearly understood otherwise, they did actually have it printed, without a cent of expense to the State.

On the 28th of September the Board of Equalization again met, and the State Assessors presented two reports, *both in manuscript*, so far as the figures were concerned. The following presents a summary of the proceedings at this meeting :

State Assessor Fowler, of Cayuga, presented a majority report, signed by himself and State Assessor Hadley, of Seneca, recommending an apportionment according to a table which he submitted, which fixed the valuation of the real and personal property of the city at \$1,205,531,580.

State Assessor Briggs presented a minority report, prepared by himself, which fixed the valuation of the real and personal property of the city at \$1,163,557,700.

Thereupon the committee submitted to the Board a protest.

The Board then adjourned to the afternoon.

At the afternoon session the same members were present, with the addition of State Engineer Sweet.

Lieutenant-Governor Dorsheimer offered the following resolution :

Resolved, That the valuation of the real and personal property in the City of New York be as the same was fixed by the Local Board of Tax Commissioners, and that the report of the State Assessors be recommitted to them, with instructions to amend the same in accordance with this resolution.

Comptroller Hopkins, as a substitute for the above, moved the adoption of the report of the majority of the State Assessors.

Treasurer Raines called for the ayes and nays, which were taken, as follows, upon this substitute offered by Comptroller Hopkins :

Yeas—Secretary Willers, Comptroller Hopkins, Attorney-General Pratt, Engineer Sweet, Assessor Fowler, and Assessor Hadley—6.

Nays—Lieutenant-Governor Dorsheimer, Treasurer Raines, and Assessor Briggs—3.

And the substitute was carried, and the report of the majority of the State Assessors adopted.

And so, with less deliberation than a jury often gives to a case concerning \$50 in a civil suit, *fifty-one million dollars* additional assessment was imposed upon the City of New York, involving the payment of an unjust tax during the present year of \$1,070,632, if the valuation of the Special Committee be accepted as the minimum.

But the printed protest only presented the points and tables. Mr. Isaac Sherman made an able oral address, and the writer, too, presented his views verbally, as would Mr. Hunt, also, had time allowed. The Committee thus failed in their effort, and yet they felt that it was, in some sense, a moral triumph to have influenced, by their memorial or protest, the judgment of such men as Lieutenant-Governor Dorsheimer, State Treasurer Raines and State Assessor Briggs.

LETTER III.

The report of the State Assessors next proceeds to discuss some of the points in the protest of the Special Committee.

TAX PER CAPITA.

The memorial referred to furnished a table contrasting the rate per capita in and out of the city, based upon the census of 1865. The report quibbles about this by giving the rate per capita in the city by the census of 1870, but does not contrast it with the rate per capita out of the city. According to the census of 1875, the State tax for that year is apportioned \$6.91 to each inhabitant in the city, and \$1.90 to each inhabitant out of the city. But this was not presented in the memorial as a matter of supreme importance.

RATIOS IN AND OUT OF THE CITY.

As has already been stated, the State Assessors, in their report for 1874, gave the ratios sworn to by the local assessors in 870 towns, and in 754 of these towns they "adopted" a higher ratio. In other words, they decided that the local assessors in 754 towns had valued property higher than they admitted. This is not only contrary to reason, but to probability and fact. And here is the weak point with the State Assessors. They are set to do an impossible task—as impossible as to define the origin of magnetic attraction—yet they will insist that they have solved the insoluble, comprehended the incomprehensible—discovered the philosopher's stone. If the report frankly said, "Our accuracy is not susceptible of mathematical demonstration, but there it is; we have done the best we knew; there may be, must be errors, but we can't help it;" criticism would be disarmed before such candor. But when they write a book full of figures and fractions, dividing "a hair 'twixt south and southwest side," why, then, they have done just what an enemy, if they have any, would have them do, and expose themselves to criticism far more severe and caustic than I shall permit myself to indulge in. There are inevitably, in all their problems, unknown and unknowable quantities which prevent an accurate conclusion. When they think they have succeeded in establishing, by arithmetical demonstration, some proposition ridiculously erroneous within the knowledge of a resident of the vicinity to which the proposition relates, that man is apt to conclude that "wrong in one, wrong in all," and cast aside all their demonstrations as worthless. But my task is to briefly review, and not to apologize for, the report of the State Assessors.

The report explains that the local assessors, when they swore to the ratios they used, swore to a ratio that they used "years before," which, "though correct at the time, had become materially changed by the decline in value of real property, and the change in ratio had not been observed on account * * * * of copying old assessment rolls." You are asked to believe this of 754 out of 870 towns. The utter fallacy of the "adopted" ratios is shown by the fact that on page 82 of the report for 1874, the State Assessors "adopted" the ratio for 1873 of $37\frac{1}{2}$ per cent. for Kingsbridge, $33\frac{1}{2}$ per cent. for Morrisania, 35 per cent. for West Farms. Now, the fact is that Kingsbridge was at that time assessed at a ratio twice greater than Morrisania, and nearly twice greater than West Farms.

When these towns were annexed to New York City in January, 1874, their aggregate assessments were raised by the Tax Commissioners from \$9,500,000 to \$23,000,000, so as to bring them in line with the assessments on similar property on Manhattan Island. Many months after this had been done the State Assessors say, in a note on page 82 of their report for 1874, written and printed in 1875, that "these towns are now annexed to New York and assessed 38 per cent. of full value."

Wonderful mathematicians! Infallible assessors! Just look at the problem: If \$9,500,000 is $35\frac{1}{2}$ per cent., how much per cent. is \$23,000,000? Answer by State Assessors—38 per cent. Thus—\$9,000,000 : $35\frac{1}{2}$: : \$23,000,000 : 38. But then it must be remembered that at $35\frac{1}{2}$ the property was out of the city, and at 38 it was in the city, by act of Legislature, although the real estate in the meantime remained where it was at creation's dawn, or (not to be too positive in such matters) thereabout.

You see that to have admitted that \$9,500,000 was $35\frac{1}{2}$ per cent., and that \$23,000,000 was nearly 85 per cent. would have upset whole acres of figures going to prove that New York City was assessed at only 43 per cent.

Again: The City of Kingston was assessed in 1873, as the local assessors swore, at 25 per cent. The State Assessors, on page 78 of their report for 1874, say they found that same assessment for 1873, "by test from the assessment rolls," also to be at a ratio of 25 per cent. At this ratio the full value was \$10,271,580; yet they adopted a ratio of 38 per cent., and fixed the full value at \$6,766,274. Soon after an official of that city furnished a statement that the full value was \$14,000,000, including \$1,269,750 of personal property.

It is singular that while the State Assessors differ with the local assessors in so many hundred towns, insisting that the property has less actual value than those local assessors think, and say, and swear, that an opposite course is adopted in regard to the City of New York. There the Tax Com-

missioners stated the ratio of assessment in 1873 to be 60 per cent., and the State Assessors "adopted" a ratio of 43 per cent. These rates per cent. appear small matters, but see what they lead to. By this method the deductions from the full valuations, according to the local assessors in all the counties except New York and Kings, are \$262,088,806.

The addition to local assessors' valuation in Kings County.....	\$73,387,529
Additions to Tax Commissioners' valuations in New York City....	540,532,574

Additions to New York and Kings counties.....	\$613,920,103
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These small percentages carried out lead to these enormous figures as totals, and upon these deductions and additions as the basis, the apportionments of the State tax have been adjusted. A State Assessor has admitted to me that the addition to New York as above was grossly extravagant.

The report says the assessment in the three annexed towns of Westchester are higher than in the other portions of the city. This report gives the first intimation that the Tax Commissioners have heard that the State Assessors held such an opinion. No such statement was made before them. The expression of it now, after a lapse of so long a time, for it is the assessment for 1874 they speak of, gives it the appearance of an attempt to create some confusion as to the discrepancy in percentages already pointed out. The statement is not founded upon fact.

In this connection the report exults in all the luxuriance of SMALL CAPITALS, indicating probably how small a capital of statement would, on occasion serve, over an assertion copied from a daily journal, that counsel in a case stated that the "ordinary custom was to assess unimproved property at only 20 per cent. of its real value." It is enough to say that the Tax Commissioners never authorized any such statement to be made in their behalf. Besides, it has just been shown from their own "adopted" ratios that such property was assessed at nearly 85 per cent.

INCREASED ASSESSMENTS IN NEW YORK.

The report remarks upon the complaint made by the Special Committee that the apportionment failed to recognize the fact that the assessments in this city had increased 195 per cent. in twenty-one years. The statement is imputed to the committee that farm property had increased in a like proportion. This allegation is unfounded. What the city complained of, was that, while the assessments in New York had increased, as stated, 195 per cent., in thirty-two counties the assessed value had actually decreased during the same period, and in ten others had remained nearly unchanged, and the counties were named and the figures given. They remain uncontradicted and unchallenged. The report contains a great deal of special plead-

ing about the decline in the value of farm lands. I have no reply to make to this. The assessments upon farm lands have not been specifically complained of. The report admits that cities and villages have increased in value, or rather, it says, that "the increase, *if any*, has been in the cities and large villages."

And yet counties containing cities and large villages showed in twenty years no increase in assessments. That was a just ground of complaint, and the report fails to meet it, but discusses at great length the value of farm lands and farm produce. It is alleged that the Special Committee placed a value upon the farm lands in several counties. This they did not do. They are not in the habit of talking about what they don't know. The real complaint was, that while New York City steadily increased its valuations, and thereby bore the heaviest share of the State tax when that tax was at its highest figures, that most of the other counties kept down their valuations during that period. Within a year or two some of these counties have, indeed, very largely increased their valuations. This is a confession of former delinquency, and yet the State Assessors applaud the act as of rare merit, and reward this simple discharge of a long-deferred duty by relieving such counties of their proper burden, so tardily assumed, and place a large proportion of it upon the City of New York, which steadily discharged its duty during weary years of heavy taxation.

The report further says, that "the increase in the value of real estate in New York City has no parallel in this country." What do the State Assessors know about the proportion of increase in Chicago, St. Louis, San Francisco, or even in Philadelphia and Baltimore?

LETTER IV.

A BUDGET OF BLUNDERS.

The report goes on to quote from the census of 1865 the value of buildings in New York City in that year, placing it at 43 per cent. of the buildings in the State. Well, that does not warrant their apportionment. It goes on to say that the census of 1870 placed the value of the real and personal property of New York City at 53 per cent. of the whole State. This seems to countenance the unjust apportionment. But look at it. Personal property of all kinds is included. I have, in a published report, given the estimated value of all personal property in this city at \$2,000,000,000. The Tax Commissioners estimated the nominal value of city real estate in 1873, before the decline, at \$1,394,000,000. This makes a total of \$3,394,000,000. The

census of 1870, quoted by the State Assessors, makes the total \$3,484,000,000. (The fractions less than \$1,000,000 are omitted.) But of this \$2,000,000,000 of personal property, I have said (see page 12 of Tax Commissioners' Report for 1875) that, under the operation of various exemptions under United States and State laws, "it melts away in something like this fashion:"

Invested in United States securities and issues of various forms..	\$500,000,000
Indebtedness on bond and mortgage, and in other forms.....	450,000,000
Imported goods.....	100,000,000
Consigned goods	250,000,000
Invested in stocks of corporations, whose capital is real estate, taxed.....	100,000,000
In stocks of corporations of other States, owned by residents here.....	150,000,000
Property here owned by residents of other portions of this State.	50,000,000
Accumulations of life insurance companies.....	140,000,000
Deposits in savings banks.....	180,000,000
Total	\$1,920,000,000
Leaving taxable.....	\$80,000,000

This is followed in the Tax Commissioners' report by some reasons why the actual assessment exceeds the \$80,000,000 above stated, which it is not necessary to repeat here. Any dispassionate mind familiar with business affairs cannot but arrive at the conclusion that there is more personal property subject to taxation under existing laws in this State outside of the city than there is within the city. So that the census of 1865 sustains the Tax Commissioners, and the census of 1870 discomfits the State Assessors.

BLUNDERS ABOUT BUILDINGS.

The report says, "the cost of new buildings from 1868 to December 31, 1874, was \$219,388,120." On a subsequent page it is further stated that, as the valuation of the city in 1868 was \$623,235,305, and in 1874, \$858,641,630, that this was an increase of only \$16,018,265 over the alleged cost (\$219,388,120), of new buildings during that interval. Let me put my pen through that bubble.

The assessments for 1874 (\$858,641,630) were completed before the 12th of January, 1874, and the State Assessors include the buildings for which estimates were filed down to the 31st December, 1874, thus unjustly charging the city with the building operations of a whole year. But let that pass.

A certificate of the Superintendent of Buildings, now before me, gives the estimated cost of new buildings in New York City from January, 1868, to 31st December, 1874, at \$209,788,112, or \$9,555,988 less than the report of the State Assessors says. From this reduced sum there must be deducted

\$16,505,272 for the estimated cost of buildings the plans for which were submitted but never carried into effect. A further reduction of \$11,085,050 must be made for the cost of buildings such as colleges, school-houses, churches, court-house, etc., not subject to taxation; and a further reduction of \$4,870,709 for damage to buildings by fire during the same period. A further reduction of, say \$1,500,000, must be made for the value of the buildings torn down to make room for many of the new buildings below Fourteenth street. A further reduction of, say \$76,140,000, must be made for the depreciation at 2 per cent. per annum upon the alleged census valuation of \$423,000,000 for buildings in 1865—say nine years.

The account so corrected will stand thus :

State Assessors' statement of cost.....	\$219,388,120
Less blunder in this statement.....	\$9,555,988
Less buildings not commenced.....	16,505,272
Less buildings exempt.....	11,085,050
Less buildings damaged by fire.....	4,870,709
Less buildings torn down.....	1,500,000
Less depreciation by wear and tear.....	76,140,000
	<hr/> 119,657,019

Corrected value of taxable improvements.....	\$99,731,101
Actual increase in assessments.....	\$235,406,225

—in a period of six years, towards which new buildings contributed only \$99,731,101, as above.

The report then breaks out in this declaration: “Well and truly did the Tax Commissioners of the City of New York say in their report for 1874: ‘For several years the real estate of this city has been dealt with very tenderly in the matter of increased assessments.’” This is a very pretty compliment to local officials, and I shall search the report of the State Assessors carefully to see if I can find any excuse to return the compliment, and certify that the State Assessors have said anything “well and truly” in regard to assessments in New York City.

MORE BLUNDERS ABOUT BUILDINGS.

After indulging in sundry glittering generalities about “private munificence” and “palatial edifices,” which, as they are copied from newspapers and other authorities, I shall not call in question, the State Assessors set up in business for themselves again, and proceeding to give the cost of several buildings, straightway fall into further blunders. A few grains of the dynamite of truth, however, will explode their extravagant statements. Here is a list of such of the buildings as can be identified by the description in the report, with the cost as given by the State Assessors, and the cost as

furnished by the Building Department, which their report has made their witness by previous quotations :

BUILDINGS.	Cost stated by State Assessors.	Cost stated by Building Department
Dry Dock Savings Bank.....	\$400,000	\$400,000
Citizens' Bank.....	125,000	120,000
Buckingham Hotel.....	800,000	350,000
Rossmore.....	300,000	220,000
Albany, apartment house.....	600,000	350,000
Another apartment house.....	350,000	165,000
Block of apartment houses.....	400,000	300,000
Block of apartment houses.....	300,000	200,000
Sherwood's apartment house (alterations).....	100,000	10,000
Stevens' dwelling.....	250,000	150,000
Hammersly warehouse.....	75,000	60,000
Lorillard warehouse.....	480,000	350,000
Skelley warehouse.....	20,000	17,500
Wolfe estate warehouse.....	33,000	20,000
Union Dime Savings Bank.....	500,000	400,000

The report gives these buildings as "completed in 1875." Some are only a little more than half completed, and the Union Dime Savings Bank is not one-quarter built. It will be seen how remote most of the figures given in the report are from the truth. Many of the other statements referring to this city, when original, are equally wide of the mark.

A SINGULAR ADMISSION.

It has for some time appeared to me that the State tax was apportioned upon this city with reference to its ability to pay a large sum, rather than upon the equity of imposing so large a tax. This opinion is confirmed, inadvertently no doubt, by a few lines which succeed a statement immediately following the above veracious list, and a further statement that 500 houses have been erected between East Forty-fourth street and Harlem river, costing from \$5,000 to \$20,000 each. This I cannot disprove, because no time is stated within which the buildings have been erected. The inadvertent statement referred to is this: "This fact illustrates the ability of the citizens of New York to pay taxes." Hence—therefore—and consequently—let them pay! This is the main-spring of the policy pursued toward this city during several years. "Evidences of great wealth, costly equipages, palatial dwellings, expensive jewels," are the strings which have been harped upon incessantly for years past. Now, all these things the citizens of New York are willing and able to pay for when they possess

them, but they are not willing, besides, to pay for like things owned by residents in other parts of the State.

EQUALIZATION UPON PERSONAL PROPERTY.

The report refers to the complaint of the Special Committee that, for the first time in the history of the State, the valuation of personal property was admitted as an element in the apportionment. Had this principle been recognized since 1859, when the Board was created, it would have largely benefited New York City, where assessments upon personal property steadily increased until 1872. In some other counties they steadily declined in a large ratio. But now that the decisions of the courts, the vicissitudes of business and the elimination of worthless names have reduced the valuations of personal property here, and some other counties, where the assessments upon such property had practically fallen into disuse, suddenly resume such assessments, then they must be relieved of this long avoided and suddenly assumed burden, and a large share of it be imposed upon this city.

The State Assessors publish the law under which they assume the right to consider the valuation of personal property in making the apportionment, but it gives them no such power. Their power to equalize is defined and limited to real estate by these words of the law :

“The Board of Equalization may increase or diminish the aggregate valuation of *real estate* in any county by adding or deducting such sum as in their opinion may be just and necessary to produce a just relation between all the valuations of *real estate* in the State.”

In the next sentence they claim that they would have been “*recræant to duty*” had we (they) not given the counties referred to the benefit of the assessed increase of personal estate,” and thereby violated the law and exceeded their powers. The report complains that the assessments upon such property in New York City declined \$20,000,000 in 1871 below 1873. Was there no revulsion, no crash in 1873 (the effects of which are not yet, by any means, exhausted) which made rich men poor and poor men penniless? Had not the city paid the State for years upon \$30,000,000 to \$50,000,000 of uncollected personal assessments?

The Special Committee stated in their printed protest as the reason why the State Board of Equalization should not equalize assessments upon real estate, upon the basis of the assessments for personal property, the following :

“Because the introduction of the relative ratios of the assessments upon personal property brings into the question of equalization a problem absolutely insoluble, the defects in the laws and the various constitutional and other exemptions rendering utterly worthless any data upon which a computation may be attempted, although it is conceded that in some instances it may be demonstrated that the laws for assessing personal property are treated as a

nullity, as, for example, where the aggregate assessment upon personal property in a wealthy county is less than the par value of the bank capital in that county."

But neither such reason nor the terms of the law prevailed.

LETTER V.

The report objects to a statement by the Special Committee, that the adoption of the last apportionment (1875) "would give additional color to the allegation for which the apportionment made in 1874 furnished the ground, that the representation of a county in the Board of State Assessors resulted in a material advantage to that county in the apportionment of the State tax." I am dealing with officials and not with persons, and official figures must be the justification for this suggestion. Here they are: The assessment upon real estate in Cayuga county in 1853 was \$17,681,138, gold value, and for 1874 was fixed upon the recommendation of the State Assessors for the same class of property in 1875 at \$16,184,374, currency value. The population of Cayuga County in 1855 was 53,571, and in 1875 was \$61,213 ; in both years by the State census. But it is said that farm lands, and especially wheat lands, have declined in value, and that property in cities and villages only has increased. Granted—and then Auburn, in Cayuga county, had a population of 9,476 in 1855, and 18,359 in 1875. During that time a railroad has been built through the county and many residences erected outside of the City of Auburn, which, if they had a place in this city, would be called "palatial." The assessed valuation in the county upon real estate has been very largely increased within the past two years, it is true, but that is only for local purposes, and is not permitted to affect its share of the State tax upon real estate.

AN INCONSEQUENTIAL STATEMENT.

The report goes on to say, "Cayuga is an old county, in the heart of the State, with an industrious, intelligent, and frugal population," and yet, what do you think? Why, notwithstanding these indisputable facts, "a citizen of New York, recently deceased, left a fortune estimated at not less than \$50,000,000!" Well, were there any sanative properties in the age of Cayuga county, or in the character of its population, that ought to have preserved the life of this "citizen of New York?" Or, is it to be understood that the inhabitants of Cayuga county are so "industrious, intelligent, and frugal," and have such a monopoly of these qualities, that the wonder is that any man out of that county could acquire and hold a fortune "esti-

mated at \$50,000,000?" I am doubtless obtuse, but I will at least be candid, and say that the logic of this statement in the report passes my comprehension.

But next we are told that "this (sum of \$50,000,000) would give to each man, woman, and child, and prisoners included in the Auburn Prison, over \$800, and to each family of five persons in the county \$4,000." This statement, unless it came as it does from State officials, bearing the imprint of the State upon its title page, paid for by State funds—more than one-half levied upon this city—I should dismiss as unmitigated trash. But it must have a meaning, and it may be this—that in the opinion of the State Assessors, the "industrious, intelligent, and frugal population" of Cayuga county ought to have a share of this large fortune, and if they can't get it otherwise, they will secure a portion at least, by imposing a part of the State tax belonging to Cayuga county upon the city which harbored so much wealth.

I count among my dearest friends some of the good people of Cayuga county, and I know of gentlemen there whose property, if divided among thousands of the poorest of the population of this city, would raise them from penury to what they would deem affluence. But is such a declaration argument? Is it even forcible statement? But I will abandon any attempt to compete in that style of composition.

The report says that what it affirms of Cayuga county is true of Seneca county. The assessed value of real estate in Seneca county in 1853 was \$9,701,274, and in 1874, as fixed by the State Assessors, was \$9,016,578. The population of the county in 1855 was 25,358, and in 1875 was 27,299, including 25 in asylums, according to the official census, and not 950, as the report states. The report refers briefly to this county, and I will not enlarge.

Kings county differs from the two counties named, in that its valuations have increased very largely in twenty years, but not in so large a proportion, compared with the increase of its population, as New York City has. This increase, however, has obtained recognition and reduction denied to the City of New York. Still I do not think that Kings county has been reduced as much as would have been right.

MIXED.

Under the heading "Deducting personal property from debts," are several paragraphs in the report repeating that form of statement. But for the repetition I should have permitted it to pass without notice as a probable slip of the pen. I can understand the process allowed, and even required,

by the present laws of deducting debts from personal property. But to deduct personal property from debts is a novel proceeding, which I do not think has occurred to the mind of any one but the State Assessors.

ESCAPING TAXATION BY REMOVAL.

The report refers to a statement made to the Committee of Ways and Means of the Assembly in 1874 by the writer, when he said: "The effect of the present laws for assessing personal property is disastrous to the owners of real estate, inasmuch as many of our best citizens remove to the States already enumerated to avoid the operation of our tax laws"—the enumerated States being Pennsylvania, New Jersey, and Connecticut. Quite elaborate tables are given in the report to prove—if they prove anything—that the removal of tax-payers from this State to those named, has not reduced the valuations of property in those States. I did not suppose that anybody imagined that such removal would produce any ill effects in the State to which the parties removed. The object of the report, probably, is to throw discredit upon the statement made to the committee. Now, it has happened to come to my knowledge within two or three weeks that three persons have very recently removed from this State to escape from taxes upon personal property which they have heretofore paid. Two of them went to New Jersey and one to Connecticut. The effects of such removals are: 1. To cut off from the city and State the tax upon personal property theretofore paid. 2. To deprive real estate of an occupant, and so increase the present depression. 3. To diminish the general trade of the city by such removal of a consumer, impairing the ability of the grocer, butcher, baker, and other tradesmen to pay their rents, and thereby damaging the interests of real estate.

When thousands of people, as thousands have, remove from the State for the reason given, with the results stated, New York City real estate must suffer; yet it needs no Solon to prove that the States they remove to are benefited in the same proportion that New York suffers. It is a sufficient motive for removal, if by such removal a large assessment for personal property is avoided and a small assessment incurred at a lower rate of taxation. Can the Tax Commissioners, the State Assessors, or the Legislature prevent such removals, and so hold the personal assessments?

PENNSYLVANIA.

It has been stated by a very able Commission on the Revision of the Tax Laws of Massachusetts, that if New York should exempt personal property from taxation, Massachusetts would be compelled to modify her laws to meet that condition. They were wise men. Pennsylvania has a long line of

contact with New York; Massachusetts has a very short one. Pennsylvania has for several years exempted personal property (with an inconsiderable exception) from local taxation, and yet New York has been too stolid to meet that changed condition by corresponding action. I have before me an official statement of the amount of "personal property in the City of Philadelphia subject to taxation for city purposes" in 1875, and it amounts to just \$9,464,873. It includes horses and carriages, furniture, and gold and silver watches. That is all the personal property the municipality taxes. "Well and truly" do our State Assessors say in their report, "Is there any city in the land where the owners of real estate are more prosperous than in Philadelphia, if the number of houses built there every year is the evidence of prosperity?" I think they have fairly clinched my argument that a modified exemption of certain personal property would benefit the owners of real estate. Yet I do think they meant to do it.

The report further says that "the assessments upon moneys and credits in Philadelphia in 1874 were \$38,000,000." This is a half-truth, to which I add that the city does not tax such moneys and credits. They are taxed directly by the State, at 3 mills on the dollar, or three-tenths of 1 per cent. Thus the holder of a mortgage in New York City in the year 1875, for \$100,000, would have been liable to pay \$2,940 tax, while in Philadelphia he would have been liable to pay \$300, a difference of \$2,640, enough to support a family very comfortably in Philadelphia. Can New York real estate stand such competition?

FIVE COUNTIES IN NEW JERSEY.

New York City has for some years had a blister on its side, which has drawn from it vital force and energy, checked its growth in population, impaired the value of its real estate, and reduced the volume of its assessments upon personal property. It has been known as the "Five Counties Act" in New Jersey. By this act the five counties in New Jersey, *nearest to the city of New York* were allowed special privileges in certain exemptions of personal property. The result has been that population and property have increased more rapidly in those five counties of New Jersey than in any like area in the State of New York. It is true that the new Constitution of New Jersey may by its terms compel the repeal of the privileges of the "Five Counties," or the extension of the same to all the counties. Which course will be taken is not yet decided, but it is very clear that it is in the interest of this State that New Jersey should hold all personal property as liable to taxation.

The report states that this sum of \$38,000,000 assessed in Philadelphia

"amounts to nearly one-half of the total assessments of persons in the city of New York." This is not said "well and truly," the fact being that the assessments of resident individuals in this city for personal property, being the amount upon which a tax was levied, were in 1874 \$131,843,300, of which sum \$38,000,000 is a good deal less than one-half. This assessment of \$38,000,000 is small for a city with an estimated population of 800,000 as compared with that of a city of 1,000,000 population—especially when the rate of taxation in the former city is only about one-tenth of the rate in the latter. It clashes with the theory of the State Assessors that if rates of taxation were reduced, people would be not only willing, but even anxious, to pay taxes. Yet their theory is undoubtedly true, to the extent that people more willingly pay a small than a large tax.

The truth is that the tax system of Pennsylvania, adopted within the past ten years, is fifty years in advance of the method prevailing in this State.

Of Massachusetts, to which the report briefly refers, so much cannot be said; but her system, though bad in principle, is effective in results. That of New York has neither the beneficial liberality of Pennsylvania nor the efficiency of Massachusetts laws, but is a wretched apology and sham, inefficient, unequal, oppressive, and injurious.

LETTER VI.

A GARBLED STATEMENT.

The report goes on to say :

"Gramercy Park, containing about two acres, is private property. It is inclosed by a high iron fence. The public has no access to it. Each one of the fifty owners of this park has a key, and the families of the owners only can use it. This property is worth about \$250,000. A Tax Commissioner of the city says 'there is no law exempting this private park.'"

Now I venture to say that the only information the State Assessors had about that park was obtained from a statement published by the writer. It is another half-truth. I add the suppressed portion of the statement as published by me. Here are the suppressed facts :

"It [this park] is not exempt by statute, so far as I know, but is exempt by a sort of involuntary recognition of the principle which controls in similar cases. Yet neither the city nor the State loses anything by the exemption, for the surrounding property pays an increased tax, owing to its proximity to the park, which more than reimburses the city and State for the loss of the tax upon the specific lots included in the area of the park. If the surrounding property were assessed for ownership of the park, the assessment for benefit would have to be reduced, as the assessment for ownership and benefit together could not very well be made, and the assessment for benefit is larger than any that could justly be made for ownership."

Could anything be more unfair than the suppression of this essential explanation, so necessary to a full understanding of the case, and the full justification of a course which has prevailed in this instance for more than forty years? And yet this city is to pay more than one-half of the expense of circulating this garbled, and untrue because garbled, statement broadcast.

CURIOUS CONTRADICTIONS.

In an early page of the report the State Assessors say: "The only right rule of action is to obey the law." And again, on a later page: "The rigid enforcement of the law regulating assessments is the only remedy for injustice to taxpayers."

But in a still later page they say:

"Until all property is assessed at its full and true value it does not seem just that banks should be taxed upon their surplus, as shareholders in national banks, where shares are taxed at their par value, pay a higher tax upon their stock than is paid on any other property, including the national as well as State, county and city taxes."

Here is, indeed, a terrible fall from the high-sounding proclamations in earlier pages. Then the only right rule was rigid enforcement of the law, but now, forsooth, there should be some exception, notwithstanding much other property has been assessed at its full value. Page 15 of the State Assessors' report for 1874, gives the decision of the Supreme Court, which declared "all assessments to be *unauthorized* and *erroneous* where the *actual value* of the (bank) stock is above par," and the assessment at par only; and upon the same page the State Assessors said: "The above decision is plain and to the point, that not only the nominal capital of banks should be assessed at par, *but the surplus should be included in the valuation of shares by the assessors.*"

After this, who shall keep the keepers? Having arraigned the Tax Commissioners for adopting a 60 per cent. ratio upon inflated values of real estate several years ago, the State Assessors practically suggest a violation of law in regard to the assessment of bank shares, intimating that the par value is high enough. Mr. Hunt and Mr. Sherman, my colleagues on the Special Committee, must smile as they read this, and recall the vehemence with which a State Assessor urged as one reason why more than \$51,000,000 should be added to the assessment of this city, that the shares of banks were assessed so much below their actual value, dwelling with special unction upon the fact that the shares of one bank were assessed at \$100, when they sold at \$1,600. Moreover he insisted that when \$25 shares were quoted at 200, that it meant that a \$25 share was worth \$200. In vain did the Special Committee explain that \$25 at 200 per cent. was only \$75, and not

\$200. The answer was, "It is so reported in your New York papers and we believe their statement." And this argument seemed to me to be that which induced the then apparently wavering State Board of Equalization to impose the wrongful \$51,000,000.

The report says that "where shares (of banks) are taxed at their par value, they pay a higher tax than is paid on any other property, including the national, as well as State, county and city taxes." Now, this is not literally so. Take the article of whiskey (I do not mean by deglutition), for instance. It pays a national tax of about 200 per cent. upon its (cost) value. Yet it is subject to State, county and city taxes. So, too, of imported goods, which pay heavy duties and still are subject to all other taxes after they leave the hands of the importer.

The hardship, I conceive, lies here. The manufacturer of whiskey can charge his tax to the purchaser, but the bank is restricted in the price of its commodity—money—by law. If the price of an article is restricted by law the tax thereon should also be limited by law. This is the principle which governs in the Pennsylvania law, but it finds no recognition in the statutes of New York, the rigid enforcement of which the report has urged. The Tax Commissioners, obeying the law as defined by the Court, heeding the advice of the State Assessors in their report of last year, and remembering the cruel use made by a State Assessor before the Board of Equalization of their failure to do so, have this year assessed the shares of banks at their "value;" and now the State Assessors don't think it "just." The Commissioners are to be condemned if they do, and condemned if they don't.

But here again the fault is in the law, and not in its administration. The law does hold bank shareholders and does not hold other corporations, however "rigidly enforced." This, as I pointed out so long ago as 1871, is not right. The whole system needs reconstruction, and then bank shareholders will obtain the equity denied them by the present muddled condition of the law. To that end I have labored within my limited sphere, thus far without success.

I shall look with interest for the developments in regard to those counties in which the report says that all property is assessed at full value in 1875, to see if bank shares are included in the comprehensive term "all property."

INTERESTING FIGURES.

A great many loans are made in this city upon out-of-town property, and very often with capital from other States. A gentleman whose business consists largely of negotiations for loans of that character as agent for various parties, has permitted me to copy several applications for loans. in

which the sworn valuations of two disinterested appraisers and the local assessors' valuations are given. None of these applications are more than six months old. The assessors' valuations were as follows:

Wayne County—33½ per cent. of appraised value.
 Wayne County—30 per cent. of appraised value.
Steuben County—50 per cent. of appraised value.
 Cattaraugus County—78 per cent. of appraised value.
Wyoming County—44 per cent. of appraised value.
Steuben County—44 per cent. of appraised value.
Livingston County—55 per cent. of appraised value.
 Wayne County—32 per cent. of appraised value.
 Cortland County—29 per cent. of appraised value.
Cayuga County—42 per cent. of appraised value.
 St. Lawrence County—24 per cent. of appraised value.
Steuben County—39 per cent. of appraised value.
 Allegany County—75 per cent. of appraised value.
Steuben County—43 per cent. of appraised value.
 Wayne County—52 per cent. of appraised value.
 Alleghany County—26 per cent. of appraised value.
Wyoming County—58 per cent. of appraised value.
 Wayne County—50 per cent. of appraised value.
Livingston County—50 per cent. of appraised value.
Orleans County—64 per cent. of appraised value.

The counties in italics are those of which the State Assessors' report says that they "are credited with full value assessments in some or all of the towns in 1874." The process of "crediting" is a simple one, but it fades before such facts, which confirm the opinion expressed by the Committee of Ways and Means in their report to the Legislature, March 12, 1875, when they said:

"The experience of years has shown, as we have stated, that neither respect for the law, nor the fear of punishment for perjury, will induce an assessor under our present system, to put the property of his neighbors upon the assessment roll at its true value, and that some other influence must be brought to bear upon him."

These facts further show how impossible is the task set for the State Assessors to perform. I appreciate all the difficulties of their trying position, but I humbly decline to acknowledge their infallibility, no matter how many figures and fractions and percentages they may envelop their demonstrations in. Notwithstanding these, I must still be classed among the unbelievers, and, fortunately for me, there is no power to burn for such heresy.

LETTER VII.

No more conclusive evidence can be furnished of the fact that the State Assessors' valuation of the real estate in New York is extravagant as compared with the valuation of such property in the rest of the State than is afforded by the valuations in Philadelphia and in Pennsylvania. Under a tax system more enlightened than in New York assessments are made there at full value. The population of Philadelphia in 1875 is estimated (for no census was taken in 1875) at 800,000, and of Pennsylvania at 4,000,000, Philadelphia having 20 per cent. of the total.

The population of New York City in 1875 was 1,046,037, and of the State 4,705,208, New York City having 22 per cent of the whole.

Philadelphia has an area of 82,800 acres, and Pennsylvania an area of 47,000 square miles.

New York City has an area of 26,718 acres, and the State an area of 48,000 square miles.

Philadelphia has about 160,000 buildings.

New York City has about 80,000 buildings.

The real estate of Philadelphia was assessed at *full value* for 1874 at \$539,003,602, and the entire State of Pennsylvania at \$1,620,214,930, Philadelphia having 33 per cent. of the total.

The real estate of New York City was assessed by local assessors for 1874 at \$881,547,995, and the entire State at \$1,960,352,703, New York City having 45 per cent. of the total.

Now, it is to be acknowledged that while the buildings in Philadelphia are twice as numerous, those in New York City are larger and more valuable; that while the area of Philadelphia is more than three times larger, any given area in New York City is more valuable than any similar area in Philadelphia holding a like relation to the centre of business.

It is also to be acknowledged on the other hand that the State of Pennsylvania has no large city like Brooklyn to offset against Philadelphia, and that the general value of farming lands in Pennsylvania is less than those in New York, while the coal lands of the former are an advantage to be considered, as are also the salt springs of the latter.

Making all these allowances on both sides, the conclusion is, substantially:

That as Philadelphia is to Pennsylvania so is New York City to New York State, for the purposes of assessment and taxation.

Then, if upon an assessment of \$1,620,000,000 for the State of Pennsylvania, Philadelphia is assessed \$539,000,000, New York State being assessed at \$1,960,000,000, the City of New York should be assessed \$652,000,000.

Or, in other words, an assessment of \$652,000,000 for New York City would be in the same proportion to the State for 1874, as the assessment of \$539,000,000 for Philadelphia was to that of the State of Pennsylvania. Yet New York City was actually assessed at \$881,000,000, and the State Assessors added \$51,000,000 to bring it in line with the rest of the State, and claim that the actual full value was \$1,935,000,000, while the full value of Philadelphia was only \$539,000,000.

On the other hand, if of the total valuation of New York State—\$1,960,000,000—the valuation of New York is \$881,000,000 of that sum, then the valuation of Pennsylvania being \$1,620,000,000, the proportion of Philadelphia would be \$728,000,000, to carry out the parallel, or \$189,000,000 more than the assessment of that city at full valuation.

By this comparison or contrast it will be seen how extravagant are the conjectures of the State Assessors as to the actual value of real estate in this city—\$1,935,000,000. It shows further, that the request of the Special Committee on behalf of this city that the State Board of Equalization should reduce the assessed valuation of this city—\$881,000,000 for 1874—to \$754,000,000 was not unreasonable.

It is of this same Philadelphia that the report of the State Assessors asks in exultant terms: “Is there any city of the land where the owners of real estate are more prosperous than in Philadelphia, if the number of houses built there every year is an evidence of prosperity?”

Verily, I think not.

TAXATION IN PHILADELPHIA.

The real estate of Philadelphia pays no portion of the State tax of Pennsylvania. Formerly it did. The same difficulties and contentions then prevailed there as to the apportionments as prevail in this State now. Various devices were resorted to, to attain the unattainable, until the attempt was abandoned, and in 1866 a more enlightened system was adopted. Of that more hereafter. The personal property taxed by that city amounts to only the insignificant sum of \$9,000,000. Yet the rate of tax there in 1874 was 2.10 per cent. for all municipal purposes, with 10 cents on the \$100 to pay for public buildings, making a total of \$2.20 on the \$100; and in 1875, for general purposes, \$1.90; public buildings, 25 cents: making a total of \$2.15 on the \$100—the public buildings (of a very costly character) being paid for as they are constructed. In 1866, when the real estate paid a portion of the State tax, the rate was \$4 on the \$100; in 1875 it was only \$1.90 without the special building tax, which is temporary and has only been in force for four years. It is fair to say, however, that this diminution of tax is

caused in great part by the increased valuations arising from relief from the fear of an excessive apportionment of the State tax.

While all real estate is assessed at its full value, the tax is apportioned thus: City property (that is, improved and improvable property, including vacant lots which are provided with sewers, water, gas, etc.) pays the full rate of tax; suburban property a two-third rate of tax, and farm property a one-half rate of tax. Some provision of this kind ought to be made here, as I pointed out two or three years ago, but is not practicable under the present law. The only discrimination that can be made here is in a lower lower ratio of assessment, and where that has been attempted the State Assessors immediately pounce upon such valuations, and claim them as evidence of the low valuation of all city property, as was done in their report for 1873.

In Philadelphia no debt can be created or bonds issued by the city unless, at the same time, a tax is laid which will clear off the principal and interest of such debt in a period of thirty years.

STATE TAX IN PENNSYLVANIA.

The revenues of the State of Pennsylvania during 1872 were \$6,738,346; in 1873, \$7,077,073; and in 1874, \$5,871,968. The following is a list of subjects of taxation as yielded over or near \$100,000 each in 1873:

Railroad, canal, express, navigation, and transportation companies..	\$1,256,459
Coal, iron, improvement, mining, and manufacturing companies....	573,379
Banks.....	329,693
Counties, cities, and boroughs.....	111,322
Insurance companies (domestic).....	87,017
Insurance companies (foreign), licenses, etc.....	292,775
Premiums on corporation charters.....	56,498
Personal property.....	545,523
Tax on writs, wills, deeds, etc.....	128,508
Collateral inheritance tax.....	379,610
Tavern licenses.....	326,978
Retailers' licenses.....	444,979
Commutation of tonnage tax.....	690,000

There are some thirty other items yielding smaller sums.

It will be seen that the entire income of the State is derived, in one form or other, from personal property, and that the State does not lay its hand upon real estate for the purpose of taxing it. By this system all the vexations and inequalities of apportioning taxes upon real estate are avoided. The subjects of State taxation have, for the most part, their places of business in cities and large villages. The interests of non-residents of the State, as represented in the various corporate and other subjects of taxation, are

reached by this method of taxation, and yet not so oppressively as to deter or repel investments.

The debt of the State of Pennsylvania is about \$23,000,000, at 6 per cent. currency. The cost of the State Government, including \$1,000,000 for schools, and excluding interest on the debt, is about \$3,500,000.

Among some items of interest as to details are these: Foreign insurance companies are taxed 3 per cent. on net earnings in the State. Other corporations are taxed one-half mill upon the capital on every 1 per cent. of dividends; dividends include issues of scrip and increase of stock out of profits; where a corporation earns no dividends its officers must return the true value of the stock and pay a tax of 3 mills on such value; railroad, transportation, street railroad and express companies pay nine-tenths of a mill on the capital for each 1 per cent. of dividend, or, if no dividend be earned, 6 mills upon each dollar of the true value of the capital; the license or business tax varies from \$8 to \$400 upon each person or firm annually; mining companies pay 3 cents a ton on coal mined.

These items are given to show what pains have been taken by that State to avoid the injustice and friction consequent upon vain attempts to effect State equalization, and at the same time to relieve the land from the burden of State taxation. The information in regard to some of the details of the Pennsylvania system was chiefly derived from a conversation several months ago with an official of that State, without the thought or purpose of making any public use of it; so that, while undoubtedly correct in its general scope, I do not wish to be held to its literal accuracy. Its importance rests in the fact that it demonstrates the practicability of an enlightened system.

In the next and final letter I shall venture to make some suggestions looking to an improved system of taxation for this State.

LETTER VIII.

There is a homespun adage that "there's no use crying over spilt milk." Well, the milk has been spilled, the apportionment settled and the "moan is made." But the future is all before us, and there is little use in looking back unless for the purpose of profiting by experience. The presentation of some of the features of the tax laws of Pennsylvania has not been for the purpose of recommending them as a standard to be followed literally and in detail, but for the purpose of showing that that great commonwealth, lying contiguous to ours, and closely resembling it in population, area and resources, has ventured to cut loose from traditional customs and usages.

and successfully adopted methods and systems in harmony with the changed conditions of financial and business affairs.

The vital principle underlying the present system in that State is the separation or division of the subjects of taxation by and between the State and the municipalities. The State selects its objects of taxation, and says to the counties: "I will take these and leave you those." It is an accepted saying that "if two men ride one horse, one must ride behind;" but, physically, as to creatures, and economically, as to taxation, it has been found more convenient and advantageous for each to have a horse of his own. That is the very substance of the proposition I respectfully submit. While two powers tax the same object there must always be abundant material for contention and friction.

I do not propose to exempt all personal property from taxation. On the contrary, I propose to reach hundreds of millions that now escape, and subject all that is taxable to the operation of just and equal laws, to be justly and equally administered by the authorities of the State.

As to real estate: That I propose to relieve entirely from the burden of State taxation and from the inequalities and, perhaps I might say, oppression of State equalization, which even if made well and fairly, will never, to a large portion of the taxpayers, seem to be so made.

The suggestions I have to make are briefly these:

1. That all corporations created by or doing business in the State shall be assessed by the State Assessors, upon sworn returns to be sent to them in Albany, and the taxes paid directly to the State Treasurer.

2. That the taxes shall be fixed upon the value of the stock, a percentage upon gross receipts, or in proportion to dividends, including scrip and stock dividends, at such rates as will attract capital and yet yield a large revenue; and that the scale of taxation be so adjusted as not to call for any deduction for investments in real estate.

3. That discrimination shall be made in the rate of taxation upon corporations formed under the general Manufacturing law, so as to foster such interests so far as may be practicable and equitable.

4. That if it shall be found necessary to secure ample revenue to the State, a license tax, moderate in amount, may be imposed upon certain classes of business to be paid to the State.

5. That it shall be left to each county to determine, by its local Legislature, whether it will tax, for its local purposes, other descriptions of personal property.

6. That real estate be relieved entirely from taxation for State purposes.

7. That the real estate of corporations shall continue to be taxed where situated, as under present laws.

These propositions vary somewhat from those submitted two years ago, but I have a poor opinion of a man in active life who has learned nothing and has not advanced his views during such a term. The same principle, however, underlies both plans, the difference being chiefly in details.

The first proposition herein stated is based upon the fact that corporations are the creatures of the State, and are especially accountable to the State. The citizen, in his individuality, is older than the State, and in some aspects higher than the State, but corporations are neither, and are utterly subordinate and responsible to the State. The system proposed insures uniformity both in the method of assessment and the rate of taxation upon the classes into which corporations may be divided. The effect would be to subject to taxation, light though it may be, hundreds of millions of property which cannot be reached by present laws.

The second proposition is designed to avoid complications as to investments in non-taxable securities, such as Government bonds.

The object of the third proposition is obvious. It is to make taxation light upon organizations, the purpose of which is to enable several men of limited means to form a corporation to do what one man of large means may and does do. It is in the interest of the poor man and favors the co-operative organizations of that class.

The fourth proposition is conditional. I do not approve the principle, yet it may be expedient. So urgent, however, is the need of immediate reform in our tax laws, that I would even concur in what I might not approve.

Of the fifth proposition it may be said that, novel as the plan may seem, it has precedents in the legislation of the State. There is some personal property which the law now makes taxable in one county and exempt in another county. It is a valuable suggestion in the report of the State Assessors that, on certain conditions, mortgages should be exempt from taxation in New York City. Those conditions may not be admissible, but the principle involved in this fifth proposition is practically indorsed by that suggestion. The plan proposed recognizes the doctrine of what is called "local option," and applies it to taxation of certain property. The effect would be that the farmers of the interior, while relieved from the State tax upon their lands, might, if they choose, have substantially the same basis of personal property upon which to distribute their local taxes, this basis being diminished only by such property as the State may take for the purpose of its own taxation, very little of which, it is represented, is to be found in the strictly rural sections.

Of the sixth proposition little need be said. It confers a boon upon the landed interest which that interest should be quick to appreciate. The present laws for assessing real estate would work well enough when the incentive to irregularity is removed, as is proposed, by the lifting of the State tax from such property.

The seventh proposition explains itself.

It is with diffidence that I make these suggestions. To formulate them into an effective and practical law would be a serious task and call for the exercise of the highest wisdom and the most enduring patience. But something must be done. Look at the growth of the State in fifty years; at the changes in the methods of business and in the habits of the people; at the creation of property in new forms; at the devices in other States, the effect of which is to sap the resources of this; and at the progress made toward reform in taxation in adjacent States.

Then look at the miserable patches affixed from time to time upon the system which was but indifferently adapted to the requirements of the State fifty years ago, and say if it is not high time for the State of New York to reform her tax laws; to make them equitable, efficient and productive; to cease complaining about evasions which the law now provokes and favors; to let go of that which you cannot hold, and to hold that you may hold, but do not, owing to the defects of your laws.

The germ of the system proposed was presented in the able reports of Mr. David A. Wells, and Mr. Isaac Sherman has since pressed for reform in taxation in a like general direction with singular ability. But it needs that a legislator endowed with high courage and rare patience shall devote himself to the work of reform. Not patching, but entire reconstruction is needed. The hope of obtaining satisfactory results from the present broken, shattered, leaky laws, is as vain as it would be to expect highly useful returns from the toil of one who

"Is dropping buckets into empty wells,
And growing old in drawing nothing up."

No other State has such resources for taxation, and no other has suffered its resources to run so utterly to waste for want of judicious legislation.

GEO. H. ANDREWS.

NEW YORK, February, 1876.





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